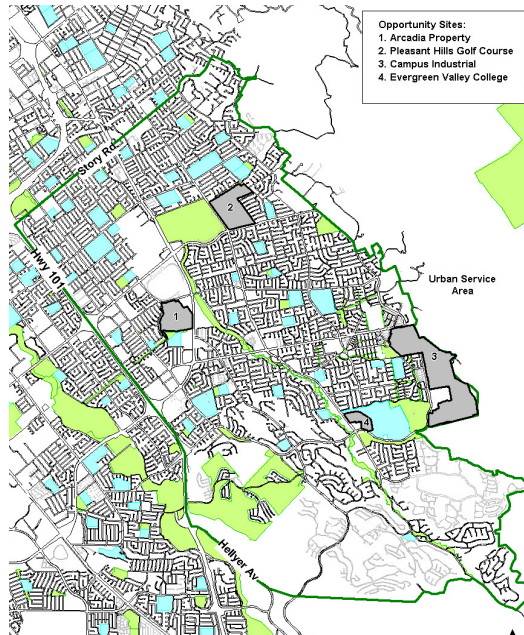


## *Evergreen-East Hills Vision Strategy*



## *Evergreen-East Hills Vision Strategy Area*

## *Evergreen-East Hills Vision Strategy*

### *Purposes*



- Involve the community in planning for its future
- Comprehensively plan for new housing, parks, retail, offices, and other land uses
- Balance new growth with transportation investments and community amenities
- Secure developer funding for transportation investments and amenities (Funding Agreement)
- Improve overall quality of life in Evergreen-East Hills

### *Vision and Expected Outcomes*

- Use Guiding Principles from initial Task Force
- Maintain “delicate balance”
- Create financially feasible plan
- Explore affordable housing opportunities
- Create rental and homeownership housing
- Explore opportunities to increase workplace density
- Capture retail and commercial opportunities
- Work with affected school districts
- Establish a 10-year supply of additional residential allocations
- Protect natural resources

## Why Update the EDP?

- Establish new traffic level of service standards for the Evergreen area
- Control the timing and intensity of development with construction of transportation facilities and amenities
- Commit private funding of transportation facilities and amenities in coordination with property entitlements

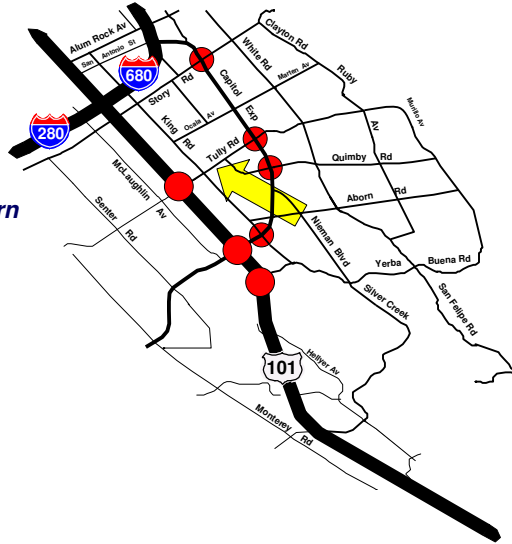
## Traffic Policy Background

- **Physical Barriers Constrain Traffic Access**
  - Hillsides
  - Freeways
- **1976 Evergreen Development Policy**
  - Limits development to “gateway” capacity along Route 101 and Story Road
- **1990 New 101/ Yerba Buena Interchange**
- **1995 Evergreen Specific Plan**
  - 4,759 residential units
  - 11,600 jobs
  - Assessment district formed to fund freeway/expressway improvements
  - New Development Policy restricts non-ESP development



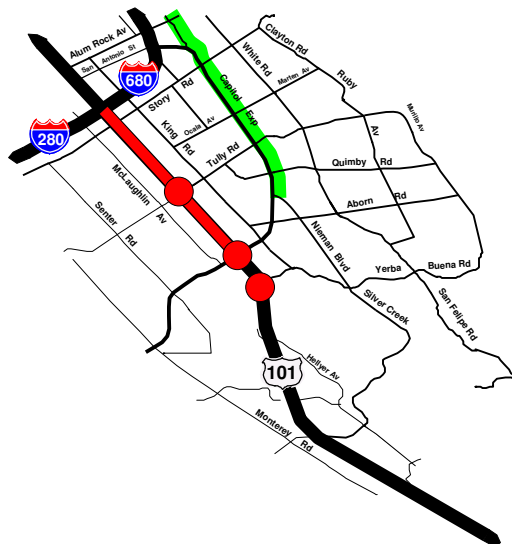
## Traffic Issues

- **Severe Freeway Interchange Congestion**  
- Tully, Capitol, Yerba Buena
- **Expressway Congestion**
- **Single Direction Commute Pattern**
- **Unbalanced Land Use**
- **Lack of Transportation Choices**
- **Available Land for Development**  
- Restrictive traffic policy



## Opportunities

- **Route 101 Improvements**
- **Light Rail Extension**



# Capitol LRT Extension Project

The Capitol Corridor... from Expressway to Multi-Modal Boulevard



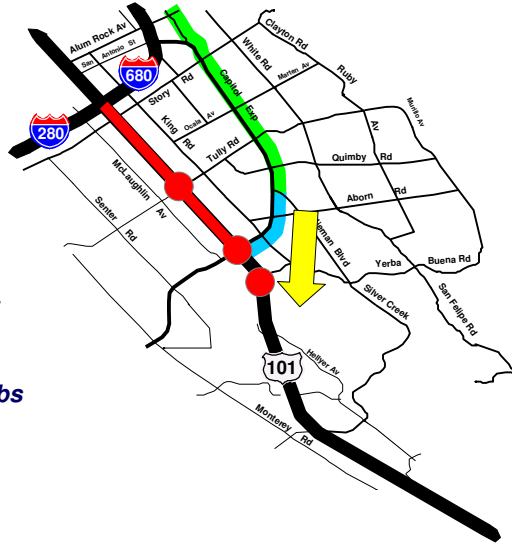
## Proposed Investments

- **Route 101 Improvements**
- **Light Rail Extension**
- **Expressway Improvements**
- **Bike/ Ped Facilities**  
- Thompson Creek Trail
- **Signal Upgrades**



## Proposed Investments

- ✓ ■ **Route 101 Improvements**
- **Light Rail Extension**
- ✓ ■ **Expressway Improvements**
- ✓ ■ **Bike/ Ped Facilities**
  - Thompson Creek Trail
- ✓ ■ **Signal Upgrades**
- ✓ ■ **Traffic Calming**
- **Evergreen-East Hills Project**
  - \$112M for transportation
- **Edenvale / Coyote Valley Jobs**
  - Reverse commute



## Highway 101 Funding Options

### Phase 1:

- Scope includes new southbound lane and 101/Tully upgrade
- Funding sources are \$30M State; \$8M Federal; \$13M VTA; \$10M City (from State Bond Local Streets Program)

### Phase 2:

- Scope includes 101/Capitol upgrade and new Yerba Buena on-ramp
- Funding sources are from future developer funds and/or future State/Federal sources

## *Community Process*

- **Public Task Force Meetings**
- **Community Meetings**
- **Community meeting to scope the Environmental Impact Report**
- **Neighborhood association and NAC meetings**
- **Full implementation of the Council Policy on Community Outreach for pending General Plan applications**

## *2006 Proposals and Recommendations*

<b>Developer Current Proposal (December 4, 2006)</b>	<b>Primary Task Force Alternative Recommendation</b>	<b>Staff Alternative Recommendation November 2006</b>
<b>RESIDENTIAL (5,230 Total Units)</b> <ul style="list-style-type: none"> <li>Arcadia – 1,875</li> <li>PHGC – 665</li> <li>EVC – 500</li> <li>Campus Industrial - 1,690</li> <li>Background/"Pool" - 500</li> </ul>	<b>RESIDENTIAL (4,000 Total Units)</b> <ul style="list-style-type: none"> <li>Arcadia – 1,800</li> <li>PHGC – 600</li> <li>EVC – 300</li> <li>Campus Industrial - 900</li> <li>Background/"Pool" - 400</li> </ul>	<b>RESIDENTIAL (4,800 Total Units)</b> <ul style="list-style-type: none"> <li>Arcadia – 1,875</li> <li>PHGC – 650</li> <li>EVC – 500</li> <li>Campus Industrial - 1,275</li> <li>Background/"Pool" - 500</li> </ul>
<b>COMMERCIAL/RETAIL (495,000 sq.ft. Total)</b> <ul style="list-style-type: none"> <li>Arcadia - 300,000</li> <li>PHGC - --</li> <li>EVC - 195,000</li> <li>Campus Industrial - --</li> <li>Background/"Pool"- --</li> </ul>	<b>COMMERCIAL/RETAIL (300,000 sq.ft. Total)</b> <ul style="list-style-type: none"> <li>Arcadia - 100,000</li> <li>PHGC - 50,000</li> <li>EVC - 100,000</li> <li>Campus Industrial - --</li> <li>Background/"Pool"- 50,000</li> </ul>	<b>COMMERCIAL/RETAIL (595,000 sq.ft. Total)</b> <ul style="list-style-type: none"> <li>Arcadia - 300,000</li> <li>PHGC - 30,000</li> <li>EVC - 195,000</li> <li>Campus Industrial - --</li> <li>Background/"Pool"- 70,000</li> </ul>
<b>CAMPUS INDUSTRIAL (Retention)</b> <ul style="list-style-type: none"> <li>0 acres</li> </ul>	<b>CAMPUS INDUSTRIAL (Retention)</b> <ul style="list-style-type: none"> <li>40 acres (for a High School)</li> </ul>	<b>CAMPUS INDUSTRIAL (Retention)</b> <ul style="list-style-type: none"> <li>120 acres</li> </ul>
<b>Public Park &amp; Open Space (*Minimum PDO requirement)</b> <ul style="list-style-type: none"> <li>*Approximately 41.8 acres</li> <li>**Developer's proposed park dedication (53.3 acres)</li> </ul>	<b>Public Park/Open Space (*Minimum PDO requirement)</b> <ul style="list-style-type: none"> <li>*Approximately 32.5 acres</li> </ul>	<b>Public Park/Open Space (*Minimum PDO requirement)</b> <ul style="list-style-type: none"> <li>*Approximately 37.4 acres</li> </ul>

\* PDO requirement may be reduced based on affordable unit classification, shared use agreements, and other credits each development may comply with under the PDO/PJO Ordinance.

\*\* Developer's proposed park dedication assumes joint use agreements with the associated school districts.

## ***Key EEHVS Issues***

- **Industrial Conversion/Retention**
- **Funding Agreement**
- **Education/Schools**
- **Affordable Housing**
- **Retail**
- **Traffic**
- **Amenities & Public Facilities**
- **Fiscal/Financial Studies**

## ***Conversions Impact Long-Term Vitality of San Jose***

- Reduce City's ability to generate revenues for quality services
- Limit ability for new companies to create jobs
- Constrain expansion choices for existing companies
- Reduce 'conception to market' advantage and stifle multiplier effects
- Exacerbate jobs/housing imbalance

## ***Planning Commission Recommendation***

- Certified the Environmental Impact Report
- Recommended either Staff's or the developers' proposed land use alternatives for the Four Opportunity Sites or a reconciled alternative

## ***Planning Commission Recommendation (continued)***

- Recommended the City Council approve the proposed Evergreen Development Policy (EDP) with the following components:
  - a. Arcadia community center occur in Phase II;
  - b. Limit the size of a grocery store on the EVC site to 20,000 sq.ft.;
  - c. Incorporate the Task Force amenity prioritization;
  - d. Reserve 40 acres on Campus Industrial site for a high school; and
  - e. "Residential Pool" incorporate the following:
    - 1) To be a minimum of 500 units (not a maximum);
    - 2) Excess units from the opportunity sites should go to the pool;
    - 3) To be available immediately; and
    - 4) To be flexible to ensure participation of all potential infill parcels

## *Policy Options*

Policy Options	Description	Opportunity Site Units (up to)	Commercial/Retail (up to)	Industrial Retention	Residential "Pool" (up to)	Update EDP?
1	Developers'	4,730	545,000	0	500	Y
2	Task Force	3,600	300,000	40 acres	400	Y
3	Retain 120-ac of Industrial (Acceptable Alternative)	4,300	595,000	120 acres	500	Y
4	Retain 320-ac of Industrial (Acceptable Alternative)	3,025	595,000	320 acres	1,775	Y
5	GP Update (PREFERRED Alternative)	0	0	320 acres	0	N
6	District 8 Memorandum Update Policy w/o GP Amendments (April 2007)	0	n/a	320 acres	5,700	Y

## *City Council Discussion*

## ***Draft Evaluation of Fiscal Impacts***

Presented By

***Debbie Kern***

Keyser Marston Associates, Inc.

April 30, 2007

### ***What is the Evergreen East Hills Fiscal Impact Analysis?***

- Comparison of recurring City General Fund tax revenues to be generated by Evergreen East Hills to recurring City service costs.
- Does not address the Project's need for public capital improvements.
- Specific needs of the Project are modeled, not current City averages.

## ***Purpose of Fiscal Impact Analysis***

- Determine if the Project will pay for itself.
- Estimate the annual fiscal impacts of the four opportunity sites assuming four development scenarios.
- Identify potential funding mechanisms to address any estimated deficits and render the Project fiscally neutral.

## ***Development Program Scenarios***

	<i>Scenario 1 – Existing General Plan</i>	<i>Scenario 2 – Property Owner’s Proposal</i>	<i>Scenario 3 – Staff Proposal</i>	<i>Scenario 3a – (retain 120- acres)</i>
<i>Residential Units</i>	217 Units	4,730 units	4,300 units	4,300 units
<i>Industrial</i>	4.66 million sf	0 sf	1.77 million sf	0 sf
<i>Retail/office</i>	0 sf	495,000 sf	525,000 sf	525,000 sf

### *Key Assumptions*

- Analysis examines impacts upon build-out of the entire development program.
- Revenues and expenses are expressed in 2007 dollars.
- A new ladder fire truck will need to be staffed 24/7 to serve the Project.
- Police protection expenses have been estimated reflecting two levels of service:
  - Current City per capita ratio of approximately 1.48 per 1,000 residents; or
  - The Police Department's request that the Project be served at a ratio of 1.82 officers per 1,000 residents

### *Key Assumptions*

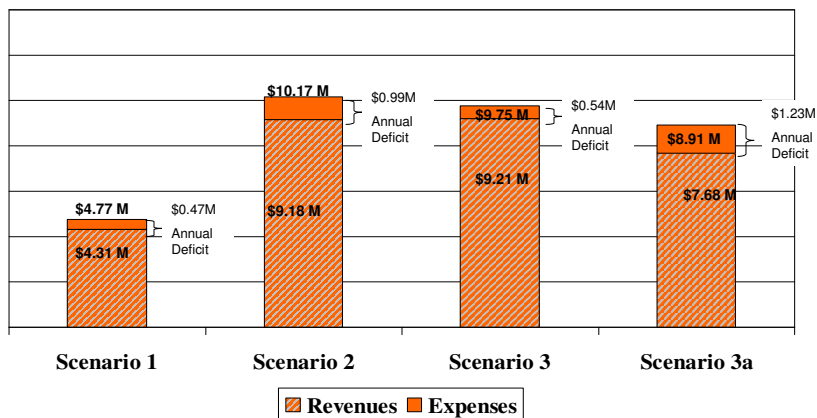
- Scenarios 2 and 3 will require staffing an additional 8,000 square feet of library space.
- 100% of annual public on-site park and recreation facilities maintenance and operating costs are included.
- 100% of annual public road and landscaping expenses are included.

## *Summary of Draft Findings*

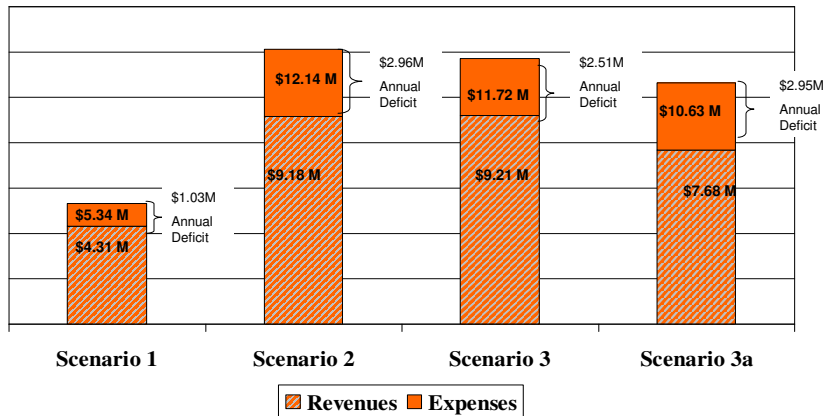
Each of the four development scenarios is anticipated to generate a recurring annual net deficit to the City's General Fund unless a portion of annual expenses are funded privately.

	Estimated annual net general fund expenses upon build-out with existing police service levels	Estimated annual net general fund expenses upon build-out with enhanced police service standards
<i>Scenario 1</i>	(\$465,000)	(\$1,031,000)
<i>Scenario 2</i>	(\$994,000)	(\$2,962,000)
<i>Scenario 3</i>	(\$536,000)	(\$2,509,000)
<i>Scenario 3a</i>	(\$1,230,000)	(\$2,952,000)

## *General Fund Impacts – Existing Police Service Levels*



## *General Fund Impacts – Enhanced Police Service*



## *Causes of Deficit*

- Need to staff new ladder truck 24/7.
  - Estimate annual cost of \$2.1 million.
- Diversion of Arcadia property taxes from General Fund to RDA.
  - Estimate annual loss of \$680,000.
- Enhanced police protection service levels.
  - Estimate annual marginal cost of approximately \$2 million.
- Specific needs of the Project are modeled – not current city averages.

### ***Strategy Options to Address Project Deficits***

- Developer exactions.
- Evergreen property owner assessments or special taxes.

### ***Working Draft Under Review***

- Confirm assumptions.
- Consider alternative strategies to address fiscal deficits.

# *Evaluation of Property Owners Group Financial Proposal*

Presented By

*Tim Kelly*

Keyser Marston Associates, Inc.

April 30, 2007

19081.004/002.010

## *Opportunity Site Area*

<b>Gross Acres</b>	<b>Campus Industrial</b>	<b>320 ac</b>
	<b>Pleasant Hills</b>	<b>114 ac</b>
	<b>Arcadia</b>	<b>81 ac</b>
	<b>EVCC</b>	<b>27 ac</b>
	<b>Total</b>	<b>542 ac</b>

## *Proposed Development Entitlements*

<b>Residential Units</b>	<b>Campus Industrial</b>	<b>1,690</b>
<b>Commercial Sq. Ft.</b>	<b>Pleasant Hills</b>	<b>665</b>
	<b>Arcadia (20% affordable)</b>	<b>1,875</b>
	<b>EVCC (40% affordable)</b>	<b>500</b>
	<b>Total</b>	<b>4,730</b>

## *Proposed Development Entitlements*

<b>Residential Units</b>	<b>Campus Industrial</b>	<b>0</b>
<b>Commercial Sq. Ft.</b>	<b>Pleasant Hills</b>	<b>0</b>
	<b>Arcadia</b>	<b>300,000</b>
	<b>EVCC</b>	<b>195,000</b>
	<b>Total</b>	<b>495,000</b>

## ***Components of Property Owners Proposal***

**Cash to City**

**Land Dedications above PDO Requirement**

**Private Funding of Park Improvements**

**School Fees over Existing Fees**

## ***Components of Property Owners Proposal***

**Cash to City**

**Land Dedications above PDO Requirement**

**Private Funding of Park Improvements**

**School Fees over Existing Fees**

**Total Proposal Value of \$293.8 M**

## *Components of Property Owners Proposal*

### **Cash to City**

Land Dedications  
Park Improvements  
School Fees over Existing

- \$221.5 total payment \*
- \$130.7 before any development can occur
- For transportation improvements, community amenities

\* Previous cash proposal of \$225.0 M was reduced by \$3.5 M on EVCC, for a total of \$221.5 M

## *Components of Property Owners Proposal*

### **Cash to City**

Land Dedications  
Park Improvements  
School Fees over Existing

<b>Total</b>	<b>\$221.5 M</b>
<b>Campus Indust.</b>	<b>\$137.1 M</b>
<b>Arcadia</b>	<b>\$38.3 M</b>
<b>Pleasant Hills</b>	<b>\$37.1 M</b>
<b>EVCC</b>	<b>\$9.0 M</b>

## *Components of Property Owners Proposal*

Cash to City

**Land Dedications**

Park Improvements

School Fees over Existing

- 67 acres in total
- 29 acres over PDO requirements
- For parks, community centers, schools, other amenities
- Estimated value \$33.8 M

## *Components of Property Owners Proposal*

Cash to City

Land Dedications

**Park Improvements**

School Fees over Existing

- 19 acres
- In addition to Cash to City
- Estimated value \$9.5 M

## *Components of Property Owners Proposal*

Cash to City

Land Dedications

Park Improvements

**School Fees over Existing**

- Mount Pleasant Elementary School District
- East Side Union High School District
- Estimated value \$29.0 M

## *Property Owners Proposal – Value of Total Proposal*

<b>Total Proposal</b>	<b>\$293.8 M</b>
Campus Industrial	\$145.3 M
Pleasant Hills	\$93.5 M
Arcadia	\$45.3 M
EVCC	\$9.7 M

## ***Property Owners Proposal – Value of Total Proposal***

<b>Opportunity Site</b>	<b>Cash to City</b>	<b>Land Dedications over PDO</b>	<b>Land Dedication Imprvmnts</b>	<b>School Fees over Existing</b>	<b>Total Package Value</b>
Campus Indust. <i>320 gross acres</i>	\$137.1 M	\$2.2 M	\$0.0 M	\$6.0 M	<b>\$145.3 M</b>
Pleasant Hills <i>114 gross acres</i>	\$37.1 M	\$27.2 M	\$9.5 M	\$19.7 M	<b>\$93.5 M</b>
Arcadia <i>81 gross acres</i>	\$38.3 M	\$4.4 M	\$0.0 M	\$2.6 M	<b>\$45.3 M</b>
EVCC <i>27 gross acres</i>	\$9.0 M	\$0.0 M	\$0.0 M	\$0.7 M	<b>\$9.7 M</b>
<b>Total</b> <i>542 gross acres</i>	<b>\$221.5 M</b>	<b>\$33.8 M</b>	<b>\$9.5 M</b>	<b>\$29.0 M</b>	<b>\$293.8 M</b>

## ***Property Owners Proposal Per Developable Acre***

Contributions are presented on a per developable acre basis in order to tie proposal value to allowed development potential.

## ***Property Owners Proposal Per Developable Acre***

1. Start with gross acres
2. Deduct:
  - Land Dedications
  - Non-Buildable Land
  - Affordable Housing Allocation
3. Result = Developable Acres

## ***Property Owners Proposal Per Developable Acre***

<b>Opportunity Site</b>	<b>Market Rate Resid. Acres</b>	<b>Commercial Acres</b>	<b>Developable Acres</b>
Campus Indust.	270.0	0.0	<b>270.0</b>
Pleasant Hills	82.0	0.0	<b>82.0</b>
Arcadia	42.4	12.0	<b>54.4</b>
EVCC	8.5	13.0	<b>21.5</b>
<b>Total</b>	<b>402.9 ac</b>	<b>25.0 ac</b>	<b>427.9 ac</b>

## *Property Owners Proposal Per Developable Acre*

Total Proposal Value		\$687,000/ac
	Pleasant Hills	\$1,140,000/ac
	Arcadia	\$833,000/ac
	Campus Ind.	\$538,000/ac
	EVCC	\$451,000/ac

## *Financial Proposal Conclusions*

- Single proposal by Property Owners Group
- Owners' cash proposal provides funds, not specific projects
- City decides use of funds
- Timing beyond initial \$130.7 M:
  - \$43.5 M expected near term
  - \$47.3 M not near term
- Imbalance between individual properties

## ***Fiscal & Financial Analysis Q & A***

### ***Panel Discussion***

- **Property Owners**
- **Community Members**
- **City Council Q & A**

## *Policy Options*

Policy Options	Description	Opportunity Site Units (up to)	Commercial/ Retail (up to)	Industrial Retention	Residential "Pool" (up to)	Update EDP?
1	Developers'	4,730	545,000	0	500	Y
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## *City Council Discussion and Direction*